

## **LORENA TIRZ #1 EAST**

### **Innovativeness**

Lorena is a small community of 1500 people located on IH-35, 10 miles South of Waco, Texas on the southern edge of Waco's current development path. Lorena is "Rich In Community" with good schools and a historic downtown that is fully occupied. However, it has a stagnant tax base due to large tracts of developable land adjacent to IH-35 that do not have utility access, primarily sewer lines.

The community had tried several times over the years to develop the land without the utilities being present or fund the construction of needed utilities with combinations of cash and/or various grants to no avail. Developers wanted to develop but could not due to the lack of infrastructure. An expanding local business was forced to leave town and move 5 miles away to find a building with utilities suitable for expansion, taking 30 jobs and 5% of the local tax base with it. The community needed a creative solution to fund and manage the infrastructure it needed to grow its economy.

Through a Tax Increment Financing Project Plan and Financial Plan, the Lorena EDC studied and identified that 56 Million dollars in infrastructure improvements of Sewer Lines, Water Lines, and Roadways were needed to develop the northeast side of Lorena, including a sewer line connection to the nearby WMARSS Bullhide Wastewater Treatment Plant located on McLennan County property adjacent to the Lorena ETJ. An innovative financial tool was needed to fund these proposed investments. As a result, in 2014 through the Spring of 2015, The City of Lorena, Lorena EDC, and McLennan County worked together to create Lorena TIRZ #1 East: A Tax Increment Reinvestment Zone to invest in the creation of 56 Million dollars in infrastructure improvements, primarily sewer lines, water lines, and roadways, between 2015 and 2050 using 70% of future property tax and 70% of future sales tax that is generated within the TIRZ #1 East Zone, without impacting the current tax base of the zone nor the City nor County, while simultaneously growing the tax base and creating jobs for both the City of Lorena and McLennan County. In addition, it was determined that to maximize the overall economic development benefit to the area, county, and state, that improvements should extend beyond the Zone, and include an area identified as the 381 East Area where the WMARSS Bullhide Wastewater Treatment Plant is located. Utilizing a Program Project Agreement between the County and City, the benefits of the TIRZ were able to be extended to the 381 East Area, connecting the proposed sewer line to the WMARSS facility, and maximizing the economic development benefit to the area, county, and state.

### **Transferability**

The Lorena TIRZ #1 East project has energized the Lorena community. Tax Increment Financing and Tax Increment Reinvestment Zones are excellent tools that when backed by a community and committed developers can assist a community to reach new horizons and economic goals.

And the utilization of 381 Areas and Program Project Agreements between neighboring entities can enable the benefits of the TIRZ to be extended beyond the Zone into adjacent areas to connect and bring greater benefits to an area, county, and the state.

### **Community Commitment and Leverage**

Throughout the study of the TIRZ and TIRZ creation process, the City of Lorena and Lorena EDC coordinated with local landowners and local developers to discuss their current needs and developmental plans for the future, and gain their support for the project.

In addition, because the WMARSS Bullhide Wastewater Treatment Plant was located outside the Lorena ETJ (beyond the zone), the Lorena EDC and City of Lorena teamed with McLennan County throughout the study of the TIRZ and TIRZ creation process to not only develop a Master Agreement between the entities, but also to ultimately develop and approve a Program Project Agreement between McLennan County and the City of Lorena enabling the entities to work together and to dedicate 70% of future property tax and 70% of future sales tax that is generated within the 381 East Area, an area in the County yet outside of the Lorena ETJ and TIRZ zone, and allow the construction of the sewer line through that 381 East Area and connect to the WMARSS Bullhide Wastewater Treatment facility, thereby maximizing the overall economic development benefit to the area, County, and State.

### **Measured Objectives**

It is estimated that over the lifetime of the TIRZ, the following will be created:

679 new homes

1,140,000 square feet of new retail

89,000 square feet of new restaurant pad sites

480,000 square feet of new office uses or office buildings

And 390,000 square feet of small warehouse or high tech buildings

4,172 new on-site Direct Jobs in Lorena

And 3,473 additional indirect jobs within the Waco Region

The following Direct Tax Revenue will be generated by New Development in Lorena TIRZ #1 East (Cumulative for 30 years in 2014 Dollars):

City of Lorena - \$109.2 Million

Lorena EDC - \$26.6 Million

Lorena ISD - \$165.7 Million

McLennan County Community College - \$15.1 Million

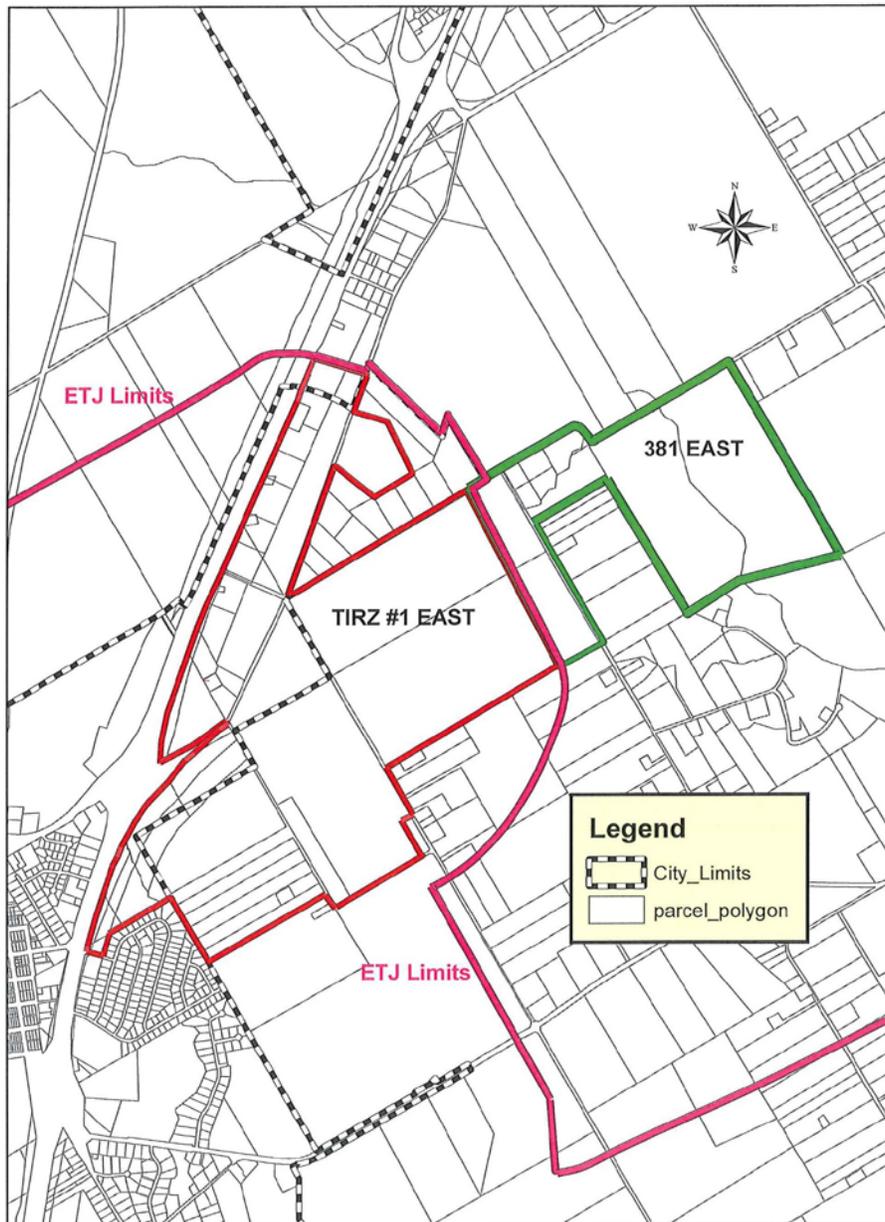
McLennan County & FM - \$80.7 Million

State of Texas - \$361.7 Million

**Secondary Benefits**

The Lorena TIRZ #1 East is estimated to have a Regional Impact of \$12.38 Billion.

**City of Lorena- TIRZ #1 EAST**



# Lorena TIRZ#1 EAST -Future Land Use

